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## **Jordan: U.S. Relations and Bilateral Issues**

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# Jordan: U.S. Relations and Bilateral Issues

## Summary

This report provides an overview of Jordanian politics and current issues in U.S.-Jordanian relations. It provides a brief overview of Jordan's government and economy and of its cooperation in promoting Arab-Israeli peace and other U.S. policy objectives in the Middle East. This report will be updated regularly. It supersedes CRS Issue Brief IB93085, *Jordan: U.S. Relations and Bilateral Issues*, by Alfred B. Prados.

Several issues in U.S.-Jordanian relations are likely to figure in decisions by Congress and the Administration on future aid to and cooperation with Jordan. These include the stability of the Jordanian regime, democratic reform under way in Jordan, the role of Jordan in the Arab-Israeli peace process, Jordan's concerns over the U.S.-led campaign against Iraq in 2003, and its relations with other regional states. Following the 9/11 attacks, Jordan issued bans on banking operations linked to terrorist activities and pursued individuals linked to Osama bin Laden's Al Qaeda organization.

Although the United States and Jordan have never been linked by a formal treaty, they have cooperated on a number of regional and international issues over the years. The country's small size and lack of major economic resources have made it dependent on aid from Western and friendly Arab sources. U.S. support, in particular, has helped Jordan deal with serious vulnerabilities, both internal and external. Jordan's geographic position, wedged between Israel, Syria, Iraq, and Saudi Arabia, has made it vulnerable to the strategic designs of its more powerful neighbors, but has also given Jordan an important role as a buffer between these potential adversaries. In 1990, Jordan's unwillingness to join the allied coalition against Iraq disrupted its relations with the United States and the Persian Gulf states; however, relations improved throughout the 1990s as Jordan played an increasing role in the Arab-Israeli peace process and distanced itself from Saddam Hussein's Iraq.

For fiscal year 2007, the Bush Administration has requested \$245 million in economic aid and \$206 million in military aid to Jordan. Congress recently passed the FY2006 Emergency Supplemental Act (P.L. 109-234) which provides \$50 million in economic assistance to Jordan.

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# Jordan: U.S. Relations and Bilateral Issues

## Most Recent Developments

On June 11, 2006, four Jordanian Islamist parliamentarians were arrested on charges of “fueling national discord and inciting sectarianism” after visiting the family of Abu Musab al-Zarqawi, the Jordanian-born terrorist leader killed in a U.S. air strike in Iraq. At this time, it is unclear how long their detention will last or when the four deputies will be tried. One of the arrested Islamists reportedly called Zarqawi a “martyr.”

On May 3, 2006, the National Labor Committee (NLC), a New York-based human rights advocacy group, issued a 161-page report alleging sweatshop-like conditions in 28 out of 100 Qualified Industrial Zone (QIZ) plants in Jordan. Jordan’s trade minister Sharif Zu’bi subsequently acknowledged that the government had failed in some instances to enforce its own labor laws and has taken action since to close down factories in violation of the law. The NLC has recognized the government’s recent actions, though it has suggested that violations of worker rights could continue in smaller factories without sufficient oversight.

## Overview

Although the United States and Jordan have never been linked by a formal treaty, they have cooperated on a number of regional and international issues over the years. The country’s small size and lack of major economic resources have made it dependent on aid from Western and friendly Arab sources. U.S. support, in particular, has helped Jordan deal with serious vulnerabilities, both internal and external. Jordan’s geographic position, wedged between Israel, Syria, Iraq, and Saudi Arabia, has made it vulnerable to the strategic designs of its more powerful neighbors, but has also given Jordan an important role as a buffer between these potential adversaries. In 1990, Jordan’s unwillingness to join the allied coalition against Iraq disrupted its relations with the United States and the Persian Gulf states; however, relations improved throughout the 1990s as Jordan played an increasing role in the Arab-Israeli peace process and distanced itself from the Iraqi regime of Saddam Hussein.

## Domestic Politics and the Economy

Jordan, created by colonial powers after World War I, initially consisted of desert or semi-desert territory east of the Jordan River, inhabited largely by people of Bedouin tribal background. The establishment of the state of Israel brought large

numbers of Palestinian refugees to Jordan, which subsequently annexed a small Palestinian enclave west of the Jordan River. The original “East Bank” Jordanians, though probably no longer a majority in Jordan, remain predominant in the country’s political and military establishments and form the bedrock of support for the Jordanian monarchy. Palestinians, who comprise an estimated 55% to 70% of the population, in some cases tend to regard their stay in Jordan as temporary, and others are at most lukewarm in their support for the Jordanian regime.<sup>1</sup>

## The Hashemite Royal Family

Jordan is a hereditary constitutional monarchy under the prestigious Hashemite family, which claims descent from the Prophet Muhammad. King Abdullah II has ruled the country since 1999, when he succeeded to the throne upon the death of his father, the late King Hussein, upon the latter’s death after a 47-year reign. Educated largely in Britain and the United States, King Abdullah had earlier pursued a military career, ultimately serving as commander of Jordan’s Special Operations Forces with the rank of Major General. There is currently no designated Crown Prince; however, under Article 28 of the Jordanian constitution, the King’s 11-year-old son Prince Hussein is next in line of succession to the throne. King Abdullah has won approval for his energetic and hands-on style of governing; however, some Jordanians, notably Palestinians and Islamic fundamentalists, are opposed to his policies of cooperating with the United States on issues such as Iraq and the Arab-Israeli peace process.

### Jordan in Brief

<b>Population (July 2005):</b>	5,906,760; growth rate: 2.49%
<b>Area:</b>	89,213 sq. km. (34,445 sq. mi., slightly smaller than Indiana)
<b>Ethnic Groups:</b>	Arabs 98%; Circassians 1%; Armenians 1%
<b>Religion:</b>	Sunni Muslim 92%; Christian 6%; small Muslim sects 2% (2001 est.)
<b>Literacy (2003):</b>	91% (male 96%, female 86%)
<b>GDP (2005):</b>	\$11.5 billion; real growth 6.1%
<b>Inflation (2004):</b>	5%
<b>Unemployment (2004):</b>	12.5% (official estimate); ca. 30% according to some unofficial estimates
<b>Armed Forces (2004):</b>	personnel 100,500; tanks 952; combat aircraft 101
<b>External Debt (2004):</b>	\$8.4 billion
<b>Sources:</b> U.S. Dept. of State; Central Bank of Jordan; other U.S. and Jordanian government departments; The Economist Intelligence Unit (London)	

The king appoints a prime minister to head the government and the Council of Ministers (cabinet). Typically, Jordanian governments last about 1.5 years before they are dissolved by royal decree. This is done in order to bolster the king’s reform credentials and to dispense patronage to various elites. The king also appoints all judges and is commander of the armed forces.

<sup>1</sup> A commentator recently estimated that 67% of the population is of Palestinian descent. Tom Pepper, “Building a Safe Haven,” *Middle East Economic Digest*, July 22-28, 2005.

## Parliament

Jordan's bicameral legislature is composed of an elected 110-member lower house and an appointed 55-member upper house. Building on his father's legacy, King Abdullah has supported a limited parliamentary democracy, while periodically curtailing dissent when it threatened economic reforms or normalization of relations with Israel. The most recent parliamentary elections, held on June 17, 2003, gave 62 seats in the 110-member lower house to conservative, independent, and tribal allies of King Abdullah. However, the moderately fundamentalist Islamic Action Front (IAF), which had boycotted the previous elections in 1997, won 22% of the vote, thereby gaining 18 seats in the lower house, plus six sympathizers. Six seats in the lower house were reserved for women, one of whom is a member of the IAF. The IAF also participated in municipal elections for the capital city of Amman, held on July 26-27, 2003, but boycotted elections in other municipalities in protest against what IAF spokesmen called undemocratic electoral procedures.

The Jordanian Parliament has limited power. In theory, it can override the veto authority of the king with a two-thirds majority in both the upper and lower houses. A two-thirds majority of the lower house can also dissolve the cabinet with a "no confidence" vote. However, since both houses have solid pro-government majorities, such actions are rarely attempted (once in April 1963).

Overall, political parties in Jordan are extremely weak, as the IAF is the only well organized movement. Most parties represent narrow parochial interests and are composed of prominent individuals representing a particular family or tribe. There are approximately 36 small parties in Jordan, consisting of only 4,100 total members. According to Jordanian scholar Samer Abu Libdeh, a draft political parties law submitted by the government would require parties to include members from at least five different governorates, legally forcing parties to reach out nationally rather than appeal to their local constituencies.<sup>2</sup>

## The Jordanian Muslim Brotherhood

The Jordanian Muslim Brotherhood has long been integrated into the political mainstream due to its acceptance of the legitimacy of Hashemite monarchy, although relations between the Brotherhood and the Palace have fluctuated over the years. The Brotherhood presence in Jordan dates back to the 1930s, as it has been tacitly recognized first as a charitable organization and later as a quasi-political organization, which has openly fielded candidates in parliamentary elections albeit under a different name (Islamic Action Front, IAF). The relationship between the Brotherhood and the Palace has been mutually beneficial over the years. Successive Jordanian monarchs have found that the Brotherhood has been more useful politically as an ally than as an opponent (as opposed to the Brotherhood in Egypt), as it secured Islamist support in countering Arab nationalist interference during the 1950's and

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<sup>2</sup> Samer Abu Libdeh, "Jordan Looks Inward: The Hashemite Kingdom in the Wake of Zarqawi and the Hamas-Israel Clash," *PolicyWatch* #1120, Washington Institute for Near East Policy, July 7, 2006.

1960's and secular Palestinian nationalism in the 1970s. The Brotherhood's educational, social, and health services have grown so extensive over the years that some experts believe that the Brotherhood's budget for services rivals that of the Jordanian government.

In 2006, there has been much speculation about the IAF's ties to Hamas. In a recent interview on Al Arabiya, Zaki Sa'd Bani-Irshayd, the new secretary general of the IAF, was careful to emphasize that the IAF and Hamas have agreed to avoid any inter-organizational relations, emphasizing that each movement has its own financial, administrative, and organizational system. On February 16, 2006, Jordanian Prime Minister Marouf al-Bakhit congratulated Hamas on winning the January 2006 Palestinian Authority legislative elections and said Jordan would welcome a visit by a Hamas delegation. However, on April 20, 2006, the press reported that Jordan cancelled a planned visit by the Palestinian Foreign Minister Mahmoud al-Zahar, who is also a high-level Hamas official, on the grounds that Hamas had hidden weapons and explosives in a cache in Jordan. Hamas denied the charge and claimed that Jordan was using this allegation to justify cancelling the visit. Hamas had been expelled from Jordan in 1999, shortly after the ascension of King Abdullah II to the throne.

In June 2006, just days after the death of the terrorist mastermind Abu Mus'ab al-Zarqawi, four IAF parliamentarians were arrested after making statements praising the Al Qaeda leader. One IAF deputy reportedly remarked that Zarqawi was a "martyr" and a holy warrior. Several weeks later, the Jordanian government dissolved the administration of the Islamic Centre Charity Society, the Brotherhood's main vehicle for dispensing social welfare to its supporters. Some estimate that the charity controls over \$1 billion in assets. The Jordanian Ministry of Social Development (MoSD) appointed a seven-member ad hoc board to run the charity.

## Professional Associations

Jordan's 14 professional associations, consisting of approximately 130,000 members, have traditionally been dominated by Islamist and nationalist groups opposed to normalizing relations with Israel or cooperating with U.S. policies on Iraq. The Jordanian government has periodically curtailed the activities of these associations, periodically arresting leaders and curtailing demonstrations. More recently, the government has circulated a draft law which alters the electoral procedures for professional associations in a way that would dilute the influence of Islamist candidates and prohibit ties to association branches in the Palestinian territories.<sup>3</sup> The law was debated in parliament but not enacted during the summer of 2005. On August 24, Prime Minister Badran told reporters that the government would not withdraw the controversial bill but that the bill would include some unspecified amendments.

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<sup>3</sup> "Restrictive Jordanian Bill on Professional Associations," *Arab Reform Bulletin*, Mar. 2005, Volume 3, Issue 2.

## **The Military and Security Establishment**

Many tribal east bank Jordanians or their descendants form the backbone of Jordan's armed forces and internal security establishment. Most observers agree that with the possible exception of Syria, Jordan faces few conventional threats from its neighbors and that the greatest threats to its security are internal and asymmetrical. In general, counter-terrorism and homeland security policies are carried out by a number of institutions, most notably the security services under direct palace control, the military, and the Interior Ministry. The General Intelligence Directorate (GID) reports directly to King Abdullah II and is responsible for both covert operations abroad and internal security. The military's elite special forces units also are directly involved in countering threats to internal security and were reportedly used to thwart a chemical weapons plot in April 2004. The Interior Ministry controls all civilian police forces and civil defense units through a branch agency known as the Public Security Directorate (PSD).

## **Reform**

The reform process in Jordan largely comes from the top down, as King Abdullah has worked hard at cultivating a progressive image for both himself and the government. Nevertheless, the pace of reforms, particularly democratic reform, remains slow by Western standards, as for every step forward on issues such as women's rights, economic liberalization, and education, there are steps back on press freedoms and institutional reforms. Jordanian officials have been adamant in insisting that they be allowed to institute social changes at their own pace, asserting that Jordanian society has changed dramatically over the past century from a desert tribal society into a modern nation state. The Jordanian government believes that some portions of its population are suspicious of U.S. intentions in the region and that local leaders would consider some U.S. democratic reform proposals to be antithetical to Jordan's conservative Islamic and tribal social culture.

In order to jumpstart the reform process and possibly appease some Western donors, the King formed a National Agenda Committee to develop a road map to reforming economic and political life. The National Agenda was released in early 2006 as a 10-year plan for comprehensive reform of eight sectors: education, infrastructure, employment, social welfare, finances, judiciary, investment, and political development. Since its release, the political reform goals have been the most controversial, pitting liberal reformists against conservative and traditional forces. Meanwhile, Jordan has also been the recipient of several grants under the U.S.-sponsored Middle East Partnership Initiative (MEPI) program for projects in the political, economic, educational, and women's fields.

## **The Economy**

Jordan, with few natural resources and a small industrial base, has an economy which is heavily dependent on external aid from abroad, tourism, expatriate worker remittances, and the service sector. Among the longstanding problems Jordan faces are corruption, slow economic growth, and high levels of unemployment, nominally

around 15% but thought by many analysts to be in the 25%-30% range.<sup>4</sup> Corruption, common in most developing nations, is particularly pronounced in Jordan. Use of intermediaries, referred to in Arabic as “*Wasta*”(connections), is widespread, and many young Jordanians have grown frustrated by the lack of social and economic mobility that corruption engenders. Each year, thousands of Jordanians go abroad in search of better jobs and opportunities.

In recent years, Jordan has experienced solid economic growth, though inflationary pressures, budget deficits, and population growth have worked to minimize some of its benefits. The London-based Economic Intelligence Unit forecasts GDP growth to be close to 4.5% in 2006. High oil prices have impacted the Jordanian economy in different ways. On the one hand, oil booms benefit the families of Jordanians employed in oil-rich nations of the Persian Gulf, as these guest workers have more income to send back home or invest in Jordanian real estate. On the other hand, higher oil prices put enormous pressure on the national budget, since the government subsidizes gas and home heating oil. In 2005, the government enacted several cuts to the fuel subsidy, effectively raising the price of gas in increments ranging from 8% to 59%.<sup>5</sup> Although in the past, deep cuts to certain subsidies have led to social unrest, there has been no such reaction from the public thus far. Nevertheless, the government is keenly aware of growing dissatisfaction from rising prices.

The situation in Iraq has had a noticeable impact on Jordan’s economy. An estimated 500,000-700,000 Iraqis have moved to Jordan since 2003, infusing its economy with new investment, particularly in the real estate sector. In the capital of Amman, new construction is evident and land prices have skyrocketed. Jordan also has served as a staging ground for international contractors involved in Iraqi reconstruction, bringing a number of foreigners to Amman in recent years.

**Water Shortages.** Jordan is one of the ten most water deprived countries in the world and is in constant search of new water resources. The Dead Sea, which abuts both Jordan and Israel, is losing water at an estimated three feet per year, and some scientists suggest that without significant action it will be gone by 2050. Jordan has been exploring new water development projects, including the feasibility of pumping water from the Red Sea, desalinating it, and then transferring it down to the Dead Sea. This project, referred to as the Red-Dead Canal, is being studied by the government and international lenders.

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<sup>4</sup> One factor that exacerbates the unemployment situation in Jordan is the social stigma attached to menial labor jobs. Referred to as the “culture of shame,” Jordanian tribal traditions look down on certain types of employment such as construction. In fact, the government estimates that there are approximately 300-400 thousand foreign laborers in Jordan working as domestic laborers, bricklayers, and other tasks.

<sup>5</sup> Prior to the Iraq War in 2003, Jordan had received oil from Iraq at deeply reduced prices. After Iraqi oil shipments ceased during Operation Iraqi Freedom, Jordan received some oil from Saudi Arabia, Kuwait, and the United Arab Emirates (UAE) on a temporary basis at discounted rates. In the spring of 2006, Jordan stopped receiving oil discounts from its neighbors forcing it to purchase all of its oil needs (100,000 barrels per day) at international market prices.

## Current Issues in U.S.-Jordanian Relations

### Terrorism

Jordan is a key partner in fighting international Islamic terrorist groups, as its main intelligence organization, the General Intelligence Directorate (GID), is considered one of the most effective organizations in the region at infiltrating Jihadist networks. Jordanian intelligence reportedly played a role in assisting U.S. forces in killing Abu Musab al-Zarqawi, the fugitive Jordanian terrorist mastermind who headed the Al Qaeda in Iraq organization until his death in June 2006.

Jordan's cooperative relationship with the United States has made it vulnerable to terrorist attacks, particularly from organizations operating from Iraq. On November 9, 2005, near simultaneous explosions at three western-owned hotels in Amman (the Radisson, Grand Hyatt, and Days Inn) killed 58 persons and seriously wounded approximately 100 others. The terrorist organization Al-Qaeda in Iraq, formerly headed by Zarqawi, claimed responsibility for the act. Many Jordanians, even some who disagree with their government's support for U.S. Middle East policies, have condemned the hotel bombings, which killed many Jordanians, and denounced Zarqawi's actions. King Abdullah has said the attacks were aimed at ordinary Jordanians, not foreigners, noting that the hotels, though western owned, were frequented by local citizens. On November 15, 2005, Jordan's Minister of the Interior announced new security regulations designed to keep foreign militants from operating covertly in Jordan, including a requirement for Jordanians to notify authorities within 48 hours of renting an apartment or a house to foreigners. An official of the Interior Ministry also said Jordan had already begun drafting new and tougher anti-terrorism laws which are currently under debate in parliament.

Other recent terrorist activity in Jordan include the following:

- On October 28, 2002, Lawrence Foley, a U.S. diplomat assigned to the U.S. Agency for International Development (USAID) program in Jordan, was shot and killed by an unknown assailant as Foley was leaving for work. A Jordanian military court convicted and sentenced to death eight Islamic militants linked to Al Qaeda and presumably involved in the Foley murder; the court sentenced two others to jail terms and acquitted one defendant. Six of the eight sentenced to death were tried *in absentia*, including Zarqawi, and two more were executed on March 11, 2006.
- In April 2004, Jordanian authorities reportedly uncovered a plot by a terrorist cell linked to Zarqawi which planned to launch a chemical attack in the Jordanian capital of Amman. According to press reports, in January 2004, one of the would-be perpetrators visited Iraq, where he obtained \$170,000, which Zarqawi had collected from Syrian donors to pay for the attack. The plot was reportedly foiled by Jordanian police and elite special forces units in a series of operations in Amman.

- On August 19, 2005, rockets apparently aimed at two U.S. amphibious warfare ships visiting the Jordanian port of Aqaba narrowly missed their targets, one hitting a nearby warehouse and another landing near a hospital; a third rocket struck near the airport at the neighboring Israeli port of Eilat. A Jordanian soldier was killed and another injured in the attack. There were two claims of responsibility, both from groups believed to be affiliated with bin Laden or his associate Zarqawi.

## **Jordan's Role in Promoting Peace in the Middle East**

**Peace Agreements and Normalization.** Jordan and Israel signed a peace treaty on October 26, 1994. Later, the two countries exchanged ambassadors; Israel returned approximately 131 square miles of territory near the Rift Valley to Jordan; the Jordanian Parliament repealed laws banning contacts with Israel; and the two countries signed a number of bilateral agreements between 1994 and 1996 to normalize economic and cultural links. Water sharing, a recurring problem, was partially resolved in May 1997 when the two countries reached an interim arrangement under which Israel began pumping 72,000 cubic meters of water from Lake Tiberias (the Sea of Galilee) to Jordan per day (equivalent to 26.3 million cubic meters per year — a little over half the target amount envisioned in an annex to the peace treaty).

**Opposition to Normalization.** King Abdullah's efforts to normalize relations with Israel have faced significant resistance within Jordan, particularly among Islamic fundamentalist groups, parts of the Palestinian community, and influential trade and professional organizations (see above). Among many mainstream Jordanians, there is some disappointment that peace with Israel has not brought more tangible economic benefits to them so far. Opponents of normalization have repeatedly called on Jordanians to boycott contacts with Israel, and activists among them have compiled two "black lists" of Jordanian individuals and companies that deal with Israel. The Jordanian government has arrested organizers of these lists, but courts have upheld their right to publish them.

**Further Arab-Israeli Negotiations.** Jordan supports current Middle East peace plans, including a land-for-peace initiative proposed by Saudi then-Crown Prince Abdullah and adopted by the Arab League in March 2002; and the Road Map, a three-phase process released by the so-called Quartet (the United States, the European Union, Russia, and the United Nations) on April 30, 2003, in an effort to jump-start the Israeli-Palestinian peace process. On June 4, 2003, King Abdullah hosted a summit conference at the Red Sea port of Aqaba attended by President Bush and the Israeli and Palestinian Prime Ministers, where attendees discussed steps to implement the Road Map. Despite the subsequent breakdown of Israeli-Palestinian talks, King Abdullah has continued to press for resumption of negotiations. Jordan initially opposed an Israeli proposal to withdraw unilaterally from the Gaza Strip and

four West Bank towns, but later expressed support as long as the withdrawal was part of the Road Map process.<sup>6</sup>

**The West Bank and East Jerusalem.** The Jordanian-Israeli peace treaty does not address the status of the West Bank territory, which was annexed by Jordan in 1950 but occupied by Israel in 1967, nor does it address the status of East Jerusalem (except as noted below); both issues are subjects of Israeli-Palestinian rather than Israeli-Jordanian negotiations. The late King Hussein decided in August 1988 “to disengage our legal and administrative relations with the West Bank,” but he and King Abdullah remained involved in Palestinian issues.

**Jerusalem.** On a related issue, Palestinian leaders have taken exception to Article 9 of the 1994 Israeli-Jordanian treaty, which states that Israel “respects the historical role of the Hashemite Kingdom [of Jordan] in the mosques of Jerusalem” and “will give high priority to the Jordanian historic role in these shrines.” The late Palestinian leader Arafat asserted that “sovereignty over Jerusalem and supervision of Jerusalem is for Palestinians.” In a speech to a Washington, DC audience on May 13, 2002, King Abdullah said that under a peace deal that he envisions, “[t]he Jerusalem question would be answered, by providing for a shared city open to all faiths.”

**Hamas and Rejectionist Groups.**<sup>7</sup> Since the 2006 Hamas electoral victory, the Jordanian government has been placed in a difficult position. Much of its citizenry (with perhaps more than half of Palestinian origin) sympathizes with Hamas,<sup>8</sup> and Jordan’s own Islamist party, the Islamic Action Front (IAF) reportedly maintains close ties to Hamas. In a recent interview on *Al Arabiya*, Zaki Sa’d Bani-Irshayd, the new secretary general of the IAF, was careful to emphasize that the IAF and Hamas have agreed to avoid any inter-organizational relations between them, emphasizing that each movement has its own financial, administrative, and organizational system.<sup>9</sup>

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<sup>6</sup> According to press reports, President Bush gave King Abdullah a private letter in which he reiterated support for the Road Map. Steven R. Weisman, “Bush and King of Jordan Ease Tensions Between Them,” *New York Times*, May 7, 2004.

<sup>7</sup> On August 30, 1999, Jordanian security forces closed offices used by the fundamentalist Palestinian organization Hamas, which the late King Hussein had tolerated to some degree, on the grounds that the offices were registered as businesses but were conducting illegal political activity. In November 1999, authorities announced that the Hamas offices would be closed permanently.

<sup>8</sup> Some U.S.-Jordanian tension arose in early 2005 over restrictions imposed by the U.S. Office of the Comptroller of the Currency on the New York offices of the Jordan-based Arab Bank, which allegedly allowed diversion of funds to families of Palestinians involved in attacks against Israelis. See, Glenn R. Simpson, “U.S. Crackdown On Arab Bank Tangles Policy,” *Wall Street Journal*, Feb. 28, 2005. Jordanian officials have stressed that in 2006, banks in Jordan are complying with U.S. regulations to ban all financial transactions with Hamas-controlled accounts.

<sup>9</sup> “Jordan’s Islamic Action Front Leader Comments on Ties with HAMAS,” Dubai Al-Arabiya Television, translated by the Foreign Broadcast Information Service [FBIS], April (continued...)

## Iraq

**Jordanian Policy Toward the Iraq War and Its Aftermath.** Though not in favor of military action against Iraq, Jordan informally provided logistical support to the U.S.-led campaign to oust Saddam Hussein in the spring of 2003.<sup>10</sup> Since mid-2003, Jordan has conducted training at Jordanian installations for selected units of a new Iraqi army and police force. Jordan strongly supported the elections held in Iraq on January 30, 2005, for a Transitional National Assembly (TNA), under a timetable adopted early in 2004. Jordanian leaders have been concerned, however, that the growing power of Iraq's Shi'ite Muslim majority could lead to a wider role for Iran in influencing Iraqi affairs. In December 2004, King Abdullah (a Sunni Muslim like almost all Jordanians) expressed concern that Iran was trying to manipulate Iraqi Shi'ite Muslims in an effort to bring about an Islamic republic similar to the Iranian model in Iraq.<sup>11</sup> He has also voiced concern over the possibility of Sunni-Shi'ite conflict within the region.<sup>12</sup> The King has been careful to point out that the leaders of Jordan "do not have a problem with Shi'ites" and has emphasized that his concerns are political, not religious. In a broader context, on April 25, 2006, Iraq's new Prime Minister Jawad al-Maliki expressed appreciation to Iraq's neighbors for sheltering Iraqi dissidents during the former Saddam Hussein regime but warned them not to interfere in Iraq; he named Iran, Syria, Jordan, Saudi Arabia, and Turkey.

**Iraq Training Support and Troop Support.** Jordan has been helpful in its post-war efforts, specifically in providing training and facilities for selected units and recruits of the new Iraqi security forces. Since 2003, the Jordan International Police Training Center (JIPTC), located outside of the capital city of Amman, has prepared more than 30,000 cadets. Graduating classes number approximately 1,500 cadets who train for eight weeks. There are 390 instructors in Jordan from approximately 15 countries. The United States provides the funding for the center at approximately \$100 million annually. Jordan also has trained Iraqi special operations forces and air force personnel. Jordan also has provided training for Iraqi soldiers, including women, at the Jordanian Military Academy at Zarqa, 17 miles north of Amman. According to allied coalition officials, Jordan has also donated military and police equipment to Iraqi forces, including 250 Ukrainian-built BTR-94 armored personnel

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<sup>9</sup> (...continued)

6, 2006. Document ID#GMP20060421537006.

<sup>10</sup> In an interview with *Reuters* news wire on March 6, 2003, then Jordanian Foreign Minister Marwan Muasher said "[w]e've made it clear Jordan is not going to participate in a war and will not be a launching pad for war against Iraq." For reports of Jordanian logistical assistance to the U.S.-led coalition, see David Filipov, "U.S. Troops Deployed in Jordan," *Boston Globe*, Feb. 25, 2003; Emily Wax, "Mubarak Warns of Rise in Militancy," *Washington Post*, Apr. 1, 2003. Jordan also sent a 55-bed field hospital to Iraq.

<sup>11</sup> Various news reports, for example, Robin Wright and Peter Baker, "Iraq, Jordan See Threat To Election From Iran," *Washington Post*, Dec. 8, 2004.

<sup>12</sup> The King is also alleged to have spoken of a possible Shi'ite "crescent" extending from Iran through Iraqi, Syria, and Lebanon. See text of an interview published in the Spring 2005 issue of *The Middle East Quarterly*, pp. 75-76.

carriers (APCs), 100 British Spartan APCs, and U.S. M113A1 APCs, along with 2 C-130BHercules transport aircraft and 16 UH-1H utility helicopters.

### **Relatives of Saddam Hussein and Ba'athists Residing in Jordan.**

Frictions between Jordan and Iraq continue over the future status of Saddam Hussein's relatives and former Ba'ath Party officials residing in Jordan as guests of the government. The Iraqi government has demanded that Saddam Hussein's eldest daughter, Raghda, be extradited to Iraq to stand trial. Iraq has placed Raghda on a list of its 41 most wanted persons. Iraqi officials have alleged that members of Saddam Hussein's family and inner circle currently in Jordan are providing financial and media support to the insurgency in Iraq in an effort to revitalize the banned Ba'ath Party in Iraq.<sup>13</sup> King Abdullah granted Raghda and her sister, Rana, asylum on humanitarian grounds after the start of U.S. military operations in 2003.

**Oil for Food Program.** During the decade preceding Operation Iraqi Freedom, Jordan imported between 70,000 and 95,000 barrels per day of oil and oil products from Iraq. Jordan bought the oil at discounted prices, and actual payments were made in commodities rather than cash, through shipments of humanitarian goods from Jordan to Iraq. These transactions were outside the U.N.-approved oil-for-food program; however, the United Nations "took note" of Jordan's position that it had no other source of oil, and U.S. administrations waived legislation that would have penalized Jordan for these transactions on this basis.

## **Iran**

Jordan has had generally poor relations with Iran since the establishment of the Islamic Republic in 1979, due in part to Jordanian allegations that Iran was promoting Islamic opposition in Jordan. There were indications of a warming trend between the two countries during mid-2004, however, at least on the commercial level. During a landmark visit by King Abdullah to Iran on September 3, 2004 — the first by a Jordanian ruler in over 20 years — the two sides discussed bilateral trade and security. Asked about Iran's nuclear program during his September 28, 2004 interview, then Foreign Minister Muasher reiterated Jordan's view that there should be a nuclear freeze in the Middle East including "Israel, Iran, and the others."

## **U.S. Aid, Trade, and Military Cooperation**

### **U.S. Foreign Assistance to Jordan**

The United States has provided economic and military aid, respectively, to Jordan since 1951 and 1957. Total U.S. aid to Jordan through 2004 amounted to approximately \$8 billion. Levels of aid have fluctuated, increasing in response to threats faced by Jordan and decreasing during periods of political differences or worldwide curbs on aid funding. The United States has markedly increased its aid

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<sup>13</sup> Richard A. Oppel, Jr., "Iraq Accuses Jordan of Allowing Financing of Insurgency," *New York Times*, Aug. 22, 2005.

to Jordan since the mid-1990s to help Jordan strengthen its economy, maintain domestic stability, and pursue normalization with Israel. Between FY1998 and FY2002, annual U.S. economic and military aid levels to Jordan were approximately \$150 million and \$75 million, respectively. However, after the September 11, 2001 terrorist attacks, aid to Jordan increased significantly. In FY2003, aid to Jordan was almost doubled, amounting to \$250 million in economic and \$198 million in military assistance. In addition, Jordan received \$700 million in economic and \$406 million in military assistance in FY2003 supplemental funding, to help offset the effects of the war with Iraq on Jordan's economy and bolster its security. Between FY2004-2006, U.S. foreign assistance to Jordan averaged approximately \$556 million. **Table 1** shows U.S. levels of U.S. assistance to Jordan since 1990.

**FY2006 Supplemental Aid.** P.L. 109-234 (H.R. 4939), the FY2006 Emergency Supplemental Act, provides \$50 million in economic assistance to Jordan. The Jordanian government had originally requested \$200 million from the Administration. The Senate version of H.R. 4939 contained \$100 million in economic aid for Jordan to continue and accelerate economic reforms. The House version contained no funding.

**FY2007 and Other Funds.** For FY2007, the Administration is requesting \$245 million in Economic Support Funds (ESF) and \$206 million in Foreign Military Financing Funds (FMF) for Jordan. U.S. economic aid to Jordan is provided partially to support USAID projects and partly as a cash transfer to service Jordan's debt. In addition to the preceding funds specifically earmarked for Jordan, the last three emergency supplemental bills contain funds to reimburse Pakistan, Jordan, and other key cooperation states for logistical expenses in support of U.S. military operations: \$1.4 billion in FY2003; \$1.15 billion in FY2004; and \$1.37 billion in FY2005.

**Millennium Challenge Account.** In fiscal year 2006, Jordan has been listed by the Millennium Challenge Corporation (MCC) as a threshold country in the lower middle-income bracket. Although this designation does not qualify Jordan for immediate assistance, as a threshold country, Jordan could receive small grants to help it improve underperforming areas so that Jordan would be more competitive for Millennium Challenge Account (MCA) funding in future years. The MCC is evaluating the Jordanian government's reform efforts before deciding whether it qualifies for MCC threshold assistance. If the MCC concludes that Jordanian democratic reforms have been sufficient, Jordan could receive threshold assistance in FY2007. These funds may be used to accelerate domestic reforms to allow Jordan to qualify for the MCC's larger Compact funding program. MCC Compact grants may be as large as several hundred million dollars.

## Trade

Jordan ranked 70<sup>th</sup> among U.S. trading partners in volume of trade with the United States in 2005, about the same as its ranking of 69<sup>th</sup> in 2004. According to the U.S. Census Bureau, Jordan's imports from the United States increased from \$317 million to \$643 million between 2000 and 2005, and Jordan's exports to the United States increased even more notably from \$73 million to \$1,267 million during the same period. Principal U.S. commodities imported by Jordan consisted of aircraft parts, machinery and appliances, vehicles, and cereals, while Jordan's main

exports to the United States included clothing and accessories, precious stones, and precious metals. Two recent measures, in particular, have helped expand U.S.-Jordanian trade ties and could create more opportunities for U.S. investment in Jordan.

**Free Trade Agreement.** On October 24, 2000, then President Clinton and King Abdullah witnessed the signing of a U.S.-Jordanian Free Trade Agreement, which eliminated duties and commercial barriers to bilateral trade in goods and services originating in the two countries. Earlier, in a report released on September 26, 2000, the U.S. International Trade Commission concluded that a U.S.-Jordan Free Trade Agreement would have no measurable impact on total U.S. imports or exports, U.S. production, or U.S. employment. Under the agreement, the two countries agreed to enforce existing laws concerning worker rights and environmental protection. On January 6, 2001, then-President Clinton transmitted to the 107<sup>th</sup> Congress a proposal to implement the Free Trade Agreement. On July 23, then-U.S. Trade Representative Zoellick and then-Jordanian Ambassador Marwan Muasher exchanged letters pledging that the two sides would “make every effort” to resolve disputes without recourse to sanctions and other formal procedures. These letters were designed to allay concerns on the part of some Republican Members over the possible use of sanctions to enforce labor and environmental provisions of the treaty. President Bush signed H.R. 2603, which implemented the FTA as P.L. 107-43 on September 28, 2001, during King Abdullah’s visit to Washington following the September 11, 2001, attacks. For additional information, see CRS Report RL30652, *U.S.-Jordan Free Trade Agreement*, by Mary Jane Bolle.

**Qualifying Industrial Zones.** An outgrowth of the Jordanian-Israeli peace treaty was the establishment of “Qualifying Industrial Zones” (QIZs), under which goods produced with specified levels of Jordanian and Israeli input can enter the United States duty free, under the provisions of P.L. 104-234. This act amended previous legislation so as to grant the President authority to extend the U.S.-Israel free trade area to cover products from QIZs between Israel and Jordan or between Israel and Egypt. QIZs were designed both to help the Jordanian economy and to serve as a vehicle for expanding commercial ties between Jordan and Israel. Although QIZs have succeeded in boosting U.S.-Jordanian trade, there has been only a modest increase in Jordanian-Israeli trade.

Currently there are 11-13 QIZs in Jordan employing approximately 55,000 people (working 8 hour days/6 days a week), 69% of whom are foreign workers from South East Asian nations like Pakistan, India, Bangladesh, and Sri Lanka. In general, foreign laborers are generally viewed as more skilled and productive than local Jordanians. In addition, it is difficult for employers to recruit local Jordanians since workers typically live on site, and many are hesitant to separate from their families, though in some areas local Jordanians are provided with free transportation to the QIZs.

On May 3, 2006, the National Labor Committee (NLC), a New York-based human rights advocacy group, issued a 161-page report alleging sweatshop-like conditions in 28 out of 100 Qualified Industrial Zone (QIZ) plants in Jordan. Jordan’s trade minister Sharif Zu’bi subsequently acknowledged that the government had failed in some instances to enforce its own labor laws and has taken action since to

close down factories in violation of the law. The NLC has recognized the government's recent actions, though it has suggested that violations of worker rights may continue in smaller factories. Foreign companies with operations inside QIZs must provide food and housing for workers. Conditions in worker dormitories are reportedly inspected by retail garment buyers, and the Jordanian government provides medical clinics and security for the zones. For additional information, see CRS Report RS22002, *Qualifying Industrial Zones in Jordan: A Model for Promoting Peace and Stability in the Middle East?*, by Mary Jane Bolle, Alfred Prados, and Jeremy Sharp.

## Military Cooperation

**Military Sales.** The United States is helping Jordan modernize its armed forces, which have been the traditional mainstay of the regime. The Jordanian military forces, though well trained and disciplined, are outnumbered and outgunned by each of Jordan's neighboring forces. In recent years, Jordan has used U.S. military assistance grants to purchase Advanced Medium Range Air-to-Air Missiles, upgrades for its fleet of F-16 fighters (approximately 70-80), and BlackHawk helicopters. The United States also delivered three Patriot anti-missile batteries to Jordan in early 2003 prior to the start of U.S. military operations in Iraq.

**Joint Exercises and Training.** A U.S.-Jordanian Joint Military Commission has functioned since 1974. Combined training exercises by U.S. and Jordanian military units continue to take place in Jordan (dubbed "Early Victor"), at least on an annual basis and sometimes more often. The above-mentioned courses conducted by Jordan for Iraqi military personnel are reportedly being funded by the United States under a program called the New Iraqi Army Training Project.<sup>14</sup> Although Jordan currently has no equivalent to the U.S. Department of Homeland Security (DHS), plans are underway to construct the King Abdullah II Center for Special Operations Training, which is scheduled to be completed in 2006. The Center, which has been partially financed by the United States including with \$99 million in appropriations from the FY2005 Emergency Supplemental Act (P.L. 109-13), will serve as a regional headquarters for counter-terrorism and homeland security cooperation. In 2003, Jordan built a Special Operations Command and the Anti-Terrorism Center in order to boost counter-terrorism capabilities within the military.

**Other Activities.** Under the provisions of Section 517 of the Foreign Assistance Act of 1961 as amended, then President Clinton designated Jordan as a major non-NATO ally of the United States, effective on November 13, 1996. According to a State Department spokesman, this status "makes Jordan eligible for priority consideration for transfer of excess defense articles, the use of already appropriated military assistance funds for procurement through commercial leases, the stockpiling of U.S. military material, and the purchase of depleted uranium munitions."

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<sup>14</sup> Riad Kahwaji, "Forging a New Iraqi Army — in Jordan," *Defense News*, Feb. 9, 2004, p.8.

According to U.S. and Jordanian officials, Jordan has deployed two military hospitals to Afghanistan and Iraq, respectively, and has committed almost 600 health care professionals to the two facilities. Both facilities provide critical health care to numerous patients, including civilians. The hospital in Afghanistan cares for more than 650 patients a day, having treated more than 500,000 since it was first deployed in December 2001. The one in Iraq has treated more than four million people, and surgeons have performed 1,638 operations.

Section 574(a) of P.L. 108-447, the Foreign Operations Appropriations Act, FY2005, bans ESF funds to governments that are party to the International Criminal Court (ICC) and have not concluded an agreement with the United States preventing the ICC from proceeding against U.S. personnel present in the country concerned. This act contains waiver authority in the case of NATO or major non-NATO allies of the United States. A similar provision is contained in Section 574(a) of P.L. 109-102, the Foreign Operations Appropriations Act, FY2006. Jordan signed such an agreement with the United States on December 16, 2004; however, the Jordanian lower house of parliament rejected the agreement during a special session of parliament on July 14, 2005. Subsequently, on August 29, 2005, President Bush issued Presidential Determination (PD) 2005-33 waiving the ban with respect to Jordan for six months. (The President had issued an earlier six-month waiver on February 10, 2005, though PD-2005-20.) On January 8, 2006, however, the lower house reversed its July 2005 vote and endorsed the measure granting immunity from ICC prosecution to U.S. personnel and U.S. employees working in Jordan. The bill had already been endorsed by the upper house, paving the way for the King's signature.

**Table 1. Annual U.S. Aid to Jordan Since the Gulf Crisis**  
(\$ in millions)

Fiscal Year (FY)	Economic Assistance				Military Assistance		Totals
	EconSpt	Food	Devel	PeaceCp	FMF*	IMET**	
1991	35.0 <sup>a</sup>	0	0	0	20.0 <sup>a</sup>	1.3	56.30
1992	30.0 <sup>b</sup>	20.0	0	0	20.0 <sup>b</sup>	.6	70.60
1993 <sup>c</sup>	5.0	30.0	0	0	9.0	.5	44.50
1994 <sup>d</sup>	9.0	15.0	4.0	0	9.0	.8	37.80
1995	7.2	15.0	6.7	0	7.3	1.0	37.20
1996	7.2	21.0	7.9	0	200.0 <sup>e</sup>	1.2	237.30
1997 <sup>f</sup>	112.2	2.6	4.5	1.1	30.0	1.7	152.10
1998 <sup>f</sup>	150.0	0	0	1.2	75.0 <sup>g</sup>	1.6	227.80
1999	150.0	0	0	1.4	70.0 <sup>g</sup>	1.6	223.00
1999 (Wye)	50.0	0	0	0	50.0	0	100.00
2000	150.0	0	0	1.7	75.0	1.6	228.30
2000 (Wye)	50.0	0	0	0	150.0	0	200.00 <sup>h</sup>
2001	150.0	0	0	1.7	75.0	1.7	228.40
2002	150.0	0	0	1.6	75.0	2.0	228.60
2002 (Suppl.)	100.0	0	0	0	25.0	0	125.00
2003	250.0	0	0	1.0	198.0	2.4	451.40
2003 (Suppl.)	700.0	0	0	0	406.0	0	1,106.00
2004	250.0	0	0	2.3	206.0	2.9	461.20
2004 (Suppl.)	100.0	0	0	0	0	0	100.00
2005	250.0	0	0	1.6	206.0	3.0	460.60
2005 (Suppl.)	100.0	0	0	0	100.0	0	200.00
2006 <sup>i</sup>	250.0	0	0	1.6	210.0	3.0	464.60
2007 <sup>j</sup>	245.0	0	0	0	206.0	3.1	454.10

**Note:** These figures do not include debt relief subsidy appropriations or small amounts for de-mining assistance. Nor do they include supplemental funding requested by the Clinton Administration in FY2001 (never acted upon by Congress).

\*Foreign Military Financing

\*\*International Military Education and Training Program

a. Suspended in April 1991 under P.L. 102-27; released in early 1993.

b. Released in late July 1993.

c. Restrictions on FY1993 funds waived by Presidential Determination (PD) 93-39, Sept. 17, 1993.

d. FY1994 funds released by PD 94-11, Jan. 13, 1994, waiving restrictions under P.L. 103-87.

e. Three components: \$30 million (Administration's original request); \$70 million in additional FMF under FY1996 appropriation (P.L. 104-134) to cover balance of F-16 aircraft package; and \$100 million in special drawdown authority (P.L. 104-107).

f. These figures include \$100 million in economic assistance under the President's Middle East Peace and Stability Fund (\$100 million in FY1997, \$116 million in FY1998).

g. For each of these two years, FMF figure includes \$25 million in drawdown authority.

h. Some of these funds were obligated in later years (FY2001 or FY2002).

i. Administration's request for FY2006, with FMF slightly increased by the conference report on P.L. 109-102.

j. Administration's request.